

A photograph of a classroom scene. A male teacher with glasses, wearing a white shirt, is leaning over a desk, looking at a book held by a young boy. Another boy is visible on the left, also reading a book. The background shows a typical classroom setting with a computer monitor and various items on a shelf.

Rethinking Teacher Compensation to Drive Student Performance

Session 2

Welcome and Introduction to Today's Session

Why work with an accelerated cohort?

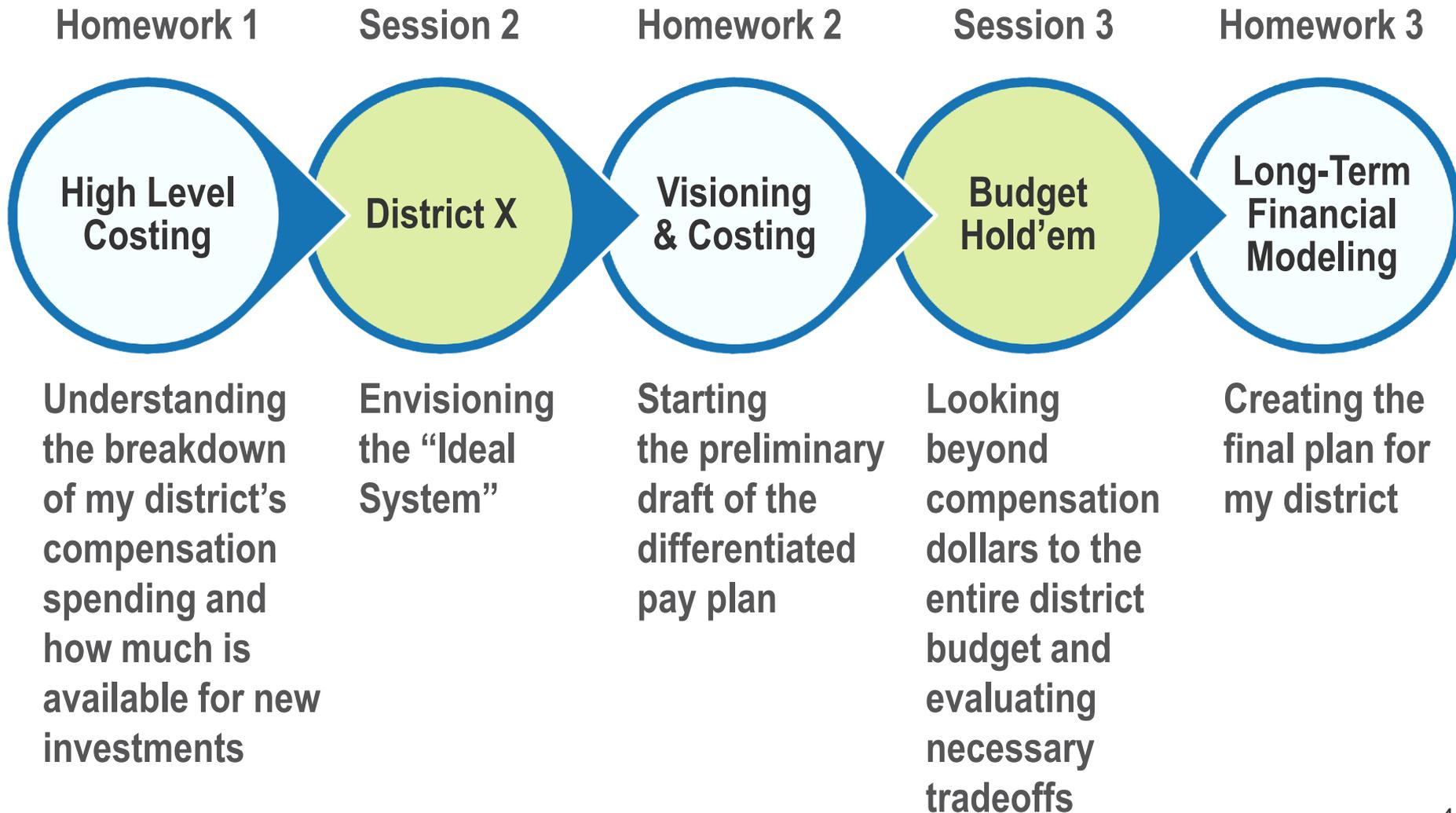
- Differentiate technical assistance for districts
- Provide deeper support for the districts who are most interested in differentiated pay
- Partner with ERS for content and tools
- Engage BFK in follow-up support
- Share lessons and ideas with other districts

Today's session is the second of four workshops

Session Topic	Type	Timing
Compensation as a Part of Human Capital Strategy	Whole Group	Sep 5
Human Capital System Choices and Impacts	Regional Sessions	TODAY
Fiscal Considerations and Trade-Offs	Regional Sessions	Nov 20 – 22
Building Support and Communication	Whole Group	Dec 11

- **Session 1** looked at 4 possible ways to implement a differentiated pay plan
- **Homework 1** was used to gain a high level understanding of the 4 redesign ideas *within the context of your own district budget*
- **Today**, you will start the preliminary draft of your differentiated pay plan
- Two tools will be provided to guide you through the process

Each Tool will build on the previous one to guide you toward completing a new differentiated pay plan



Today's Agenda

Time		Topic
Morning Session	9:00am	Introduction
	9:25am	Feedback and Questions from Session 1
	9:45am	Overview of Compensation Redesign Elements
	10:00am	District X Round I – Investment & Opportunity Decisions
	11:15am	<i>Break</i>
	11:30am	District X Round II - Tradeoffs & Staging Decisions
Lunch	12:30pm	<i>Lunch on Your Own</i>
Afternoon Session	1:30pm	Visioning and Costing Exercise - School Roles & Incentives
	2:30pm	<i>Break</i>
	2:45pm	Visioning and Costing Exercise - Effectiveness Pay & Bonuses
	3:45pm	Stakeholder Engagement Strategies
	4:00pm	Next Steps/Evaluation Forms

Feedback from Session 1

Feedback from Session 1

- Reflecting on your feedback, we made the following changes:
 - Developed a more interactive session
 - Created more concrete and specific activities/tools
 - Better connected homework activities to the session
 - Addressed the following areas of interest:
 - Timeline
 - Alternative salary schedules
 - Stakeholder engagement resources

Salary Schedule

- Approaching the critical decision about what, if any, modifications you want to make to your salary schedule.
- This choice has implications on the level of differentiation you are able to incorporate within current budget constraints.
- Options include:
 - Pursuing an alternative salary schedule
 - Modifying the step and lane schedule to look more like the state minimum's structure
 - Keeping the traditional step and lane schedule

What constitutes an alternative salary schedule?

- Introduction of some component, most often performance criteria, in addition to or in place of education and experience **to determine base pay** or any scenario that would not meet the state minimums
- Note: If you are considering this option, TDOE and BFK are able to provide additional, one-on-one support to prepare for State Board approval.

Alternative Salary Schedules

- The following would be considered an alternative schedule:
 - Eliminating step increases for Level 1 and 2 teachers
 - Implementing effectiveness steps (using TEAM scores to differentiate the amount of a base pay increase)
 - Eliminating pay for master's degrees or only providing tuition reimbursement

- The following would NOT be considered an alternative schedule:
 - Bonuses for TEAM scores
 - Reducing the amount of your step increases or education pay (as long as you are above the state minimums)

What are options for non-tested teachers in an alternative salary schedule?

- Include them based on composite scores, just like tested teachers
- Remove the school-wide measure from non-tested teachers for the purposes of compensation
- Phase non-tested teachers into the differentiated pay plan as additional individual growth scores and more specific school-wide scores become available

What are the considerations for including an opt-in/out provision?

- Districts pursuing an alternative salary schedule are able to provide an opt-in/out provision for educators
- Important considerations when allowing opt-in/out:
 - Think of the overall value proposition to make opt-in more attractive
 - Ensure that the majority of teachers earn the same or more in the new plan
 - Provide a grandfathering period
 - Determine cost implications
- What happens when a teacher opts-out?
 - Stay on the 13-14 schedule, continue increases for experience
 - Stay at their current base pay

Differentiated Pay Plan Submission Document

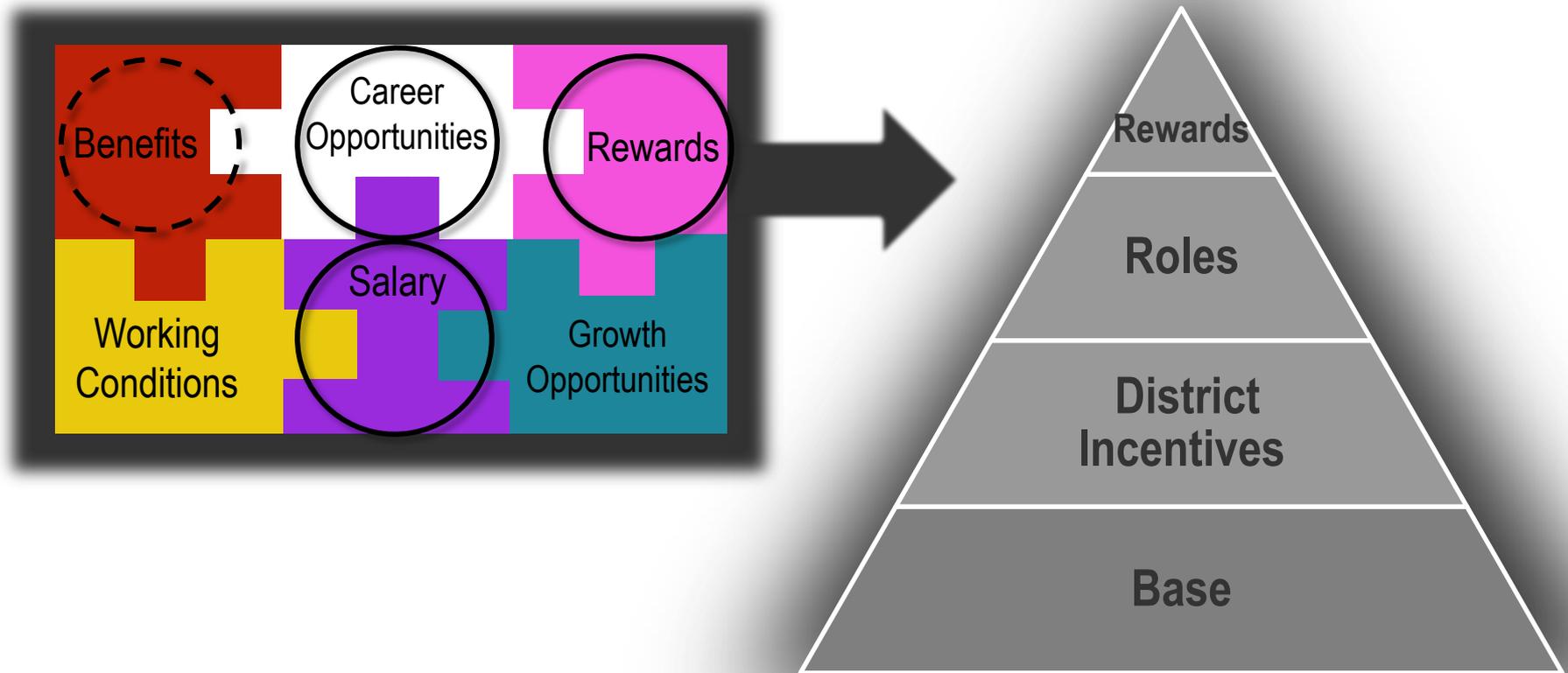
- Intent of the document is to provide a relatively simple form for submitting the differentiated pay plan
- Outlines key timelines
- Alternative salary schedule addendum

Overview of Compensation Redesign Elements

Today we narrow our focus from the entire value proposition to teacher compensation

The Value Proposition

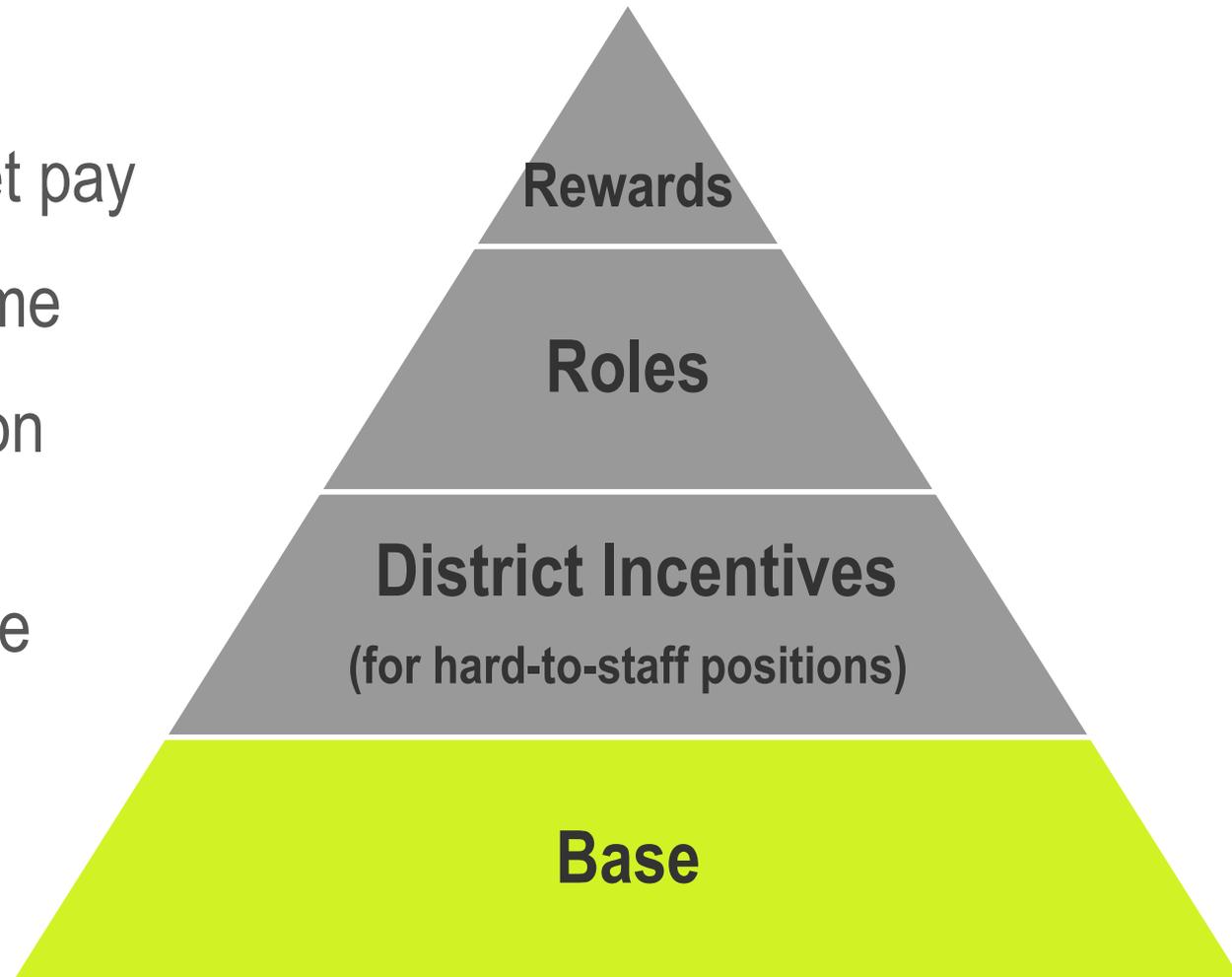
Teacher Compensation Pyramid



Base Salary is critical for *attracting* and *retaining* teachers

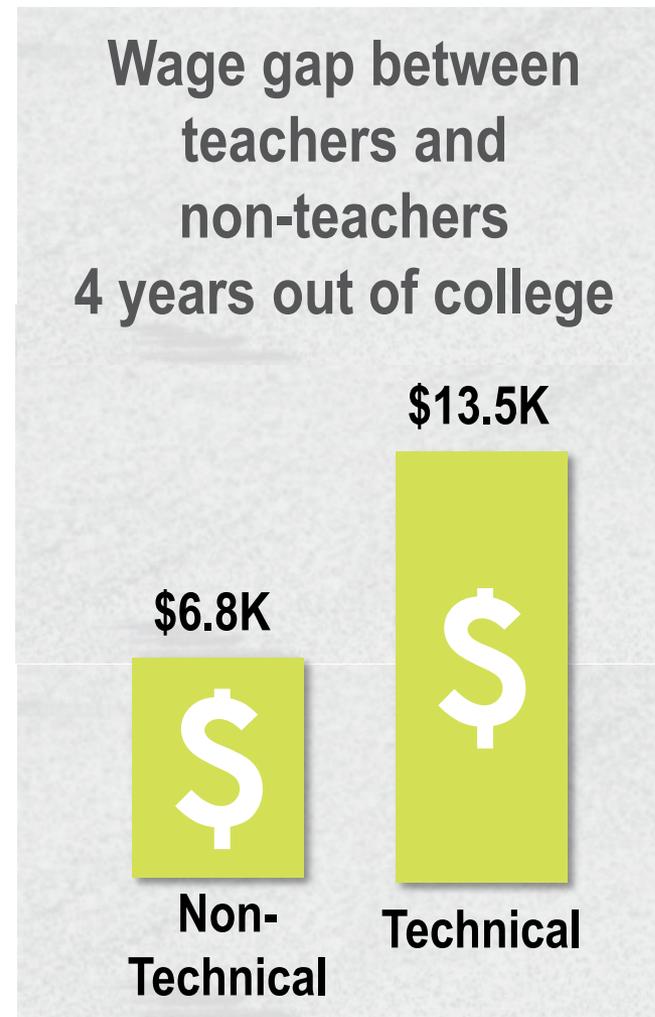
Base Salary

- Guaranteed or set pay
- Increases over time
- Currently based on education and experience. In the future?



Design considerations for Base Salary

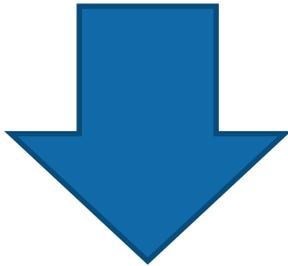
- Schedule is competitive with local labor market
- Starting salary is sufficient to attract required new teacher pool
- Proficient teachers earning “family living wage” early
- Incorporates other elements of the value proposition (e.g. length of day and year, time and course load, etc.)
- Human capital structures allow low performers to improve or exit



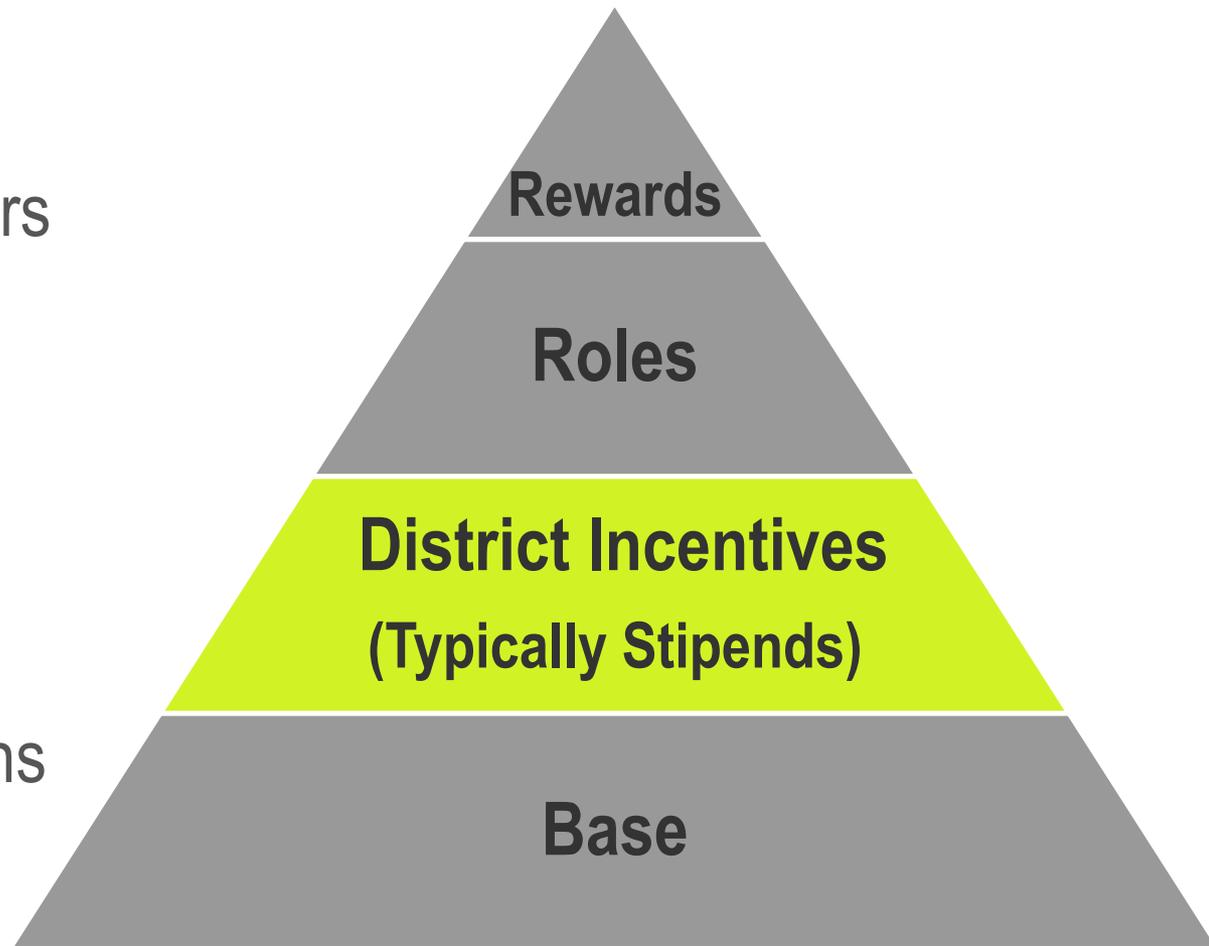
District Incentives *align* with the district's priorities

ALIGN

high-performing or
uniquely skilled teachers



to challenging
or hard-to-staff positions



Examples of how District Incentives are offered

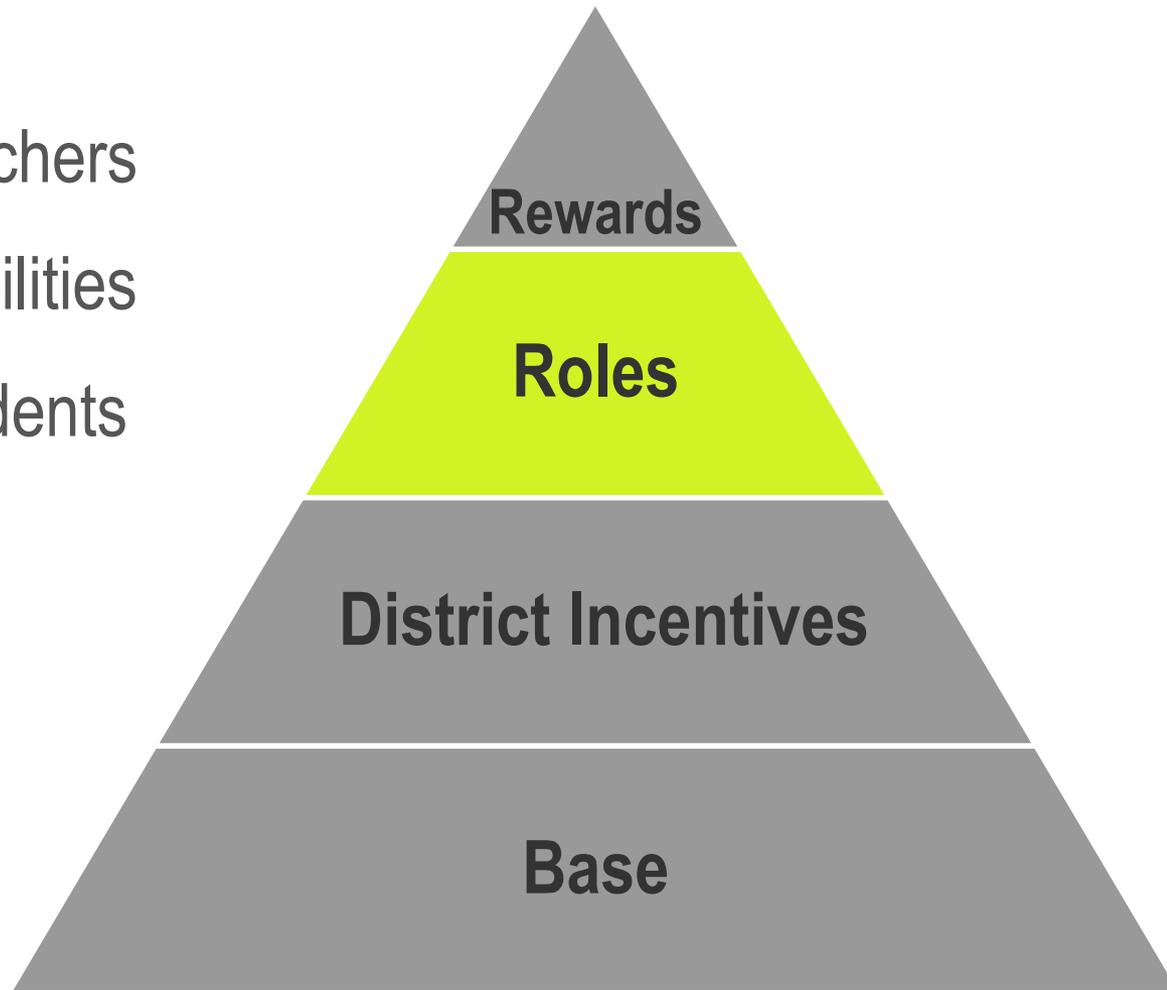
District/Program	Hard-to-Staff Schools	Hard-to-Staff Subjects
Denver, CO	\$2,400/yr for each year in position at a designated school	\$2,400/yr for each year in position for a designated subject
Hillsborough County, FL	5% of base for each year in position for effective teachers at 90%+ FRL schools	\$50/student who passes the exam
Pittsburgh, PA	\$12,200/yr to a limited # of Turnaround Teachers in low-performing schools	NA
Teach Plus	\$6,000 on top of base pay for high-performing teachers in low-income, low-performing schools	NA
Lincoln County, TN	NA	\$4,000 recruitment/retention stipend for designated subjects
Putnam County, TN	NA	Additional points towards a bonus for advanced STEM coursework

Differentiated Roles and Responsibilities

leverage and retain effective teachers

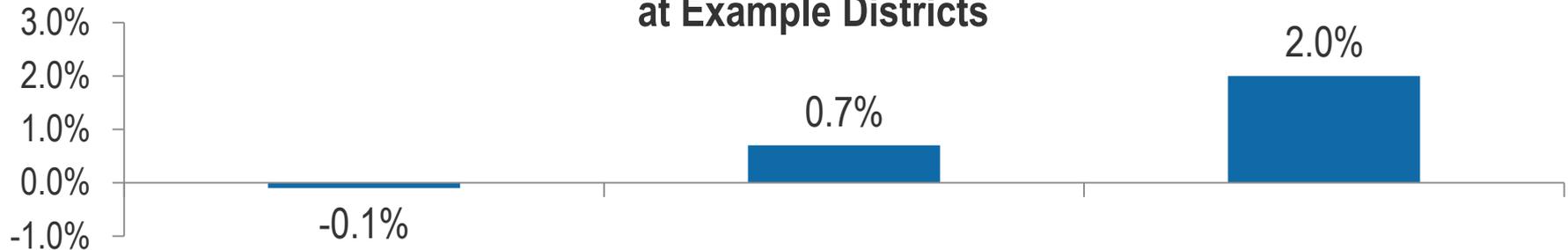
School Roles

- High performing teachers
- Additional responsibilities
- Extend reach to students
- Extend reach to colleagues



Examples of how Roles and Responsibilities can be designed

Change in Cost in Year 5 for Different Responsibilities
at Example Districts



Additional Classes

- A. Teachers teach an average of 5 classes in the district
- B. 5% of teachers (all in the top 20% of teachers) agree to take on teaching an additional class
- C. Those teachers are compensated at 85% the incremental spend of an additional class

Larger Classes

- A. District average class size is 25 students
- B. 10% of teachers (all in the top 20% of teachers) agree to take an additional 5 students
- C. Those teachers are compensated with a \$5K stipend each year

Teacher Leaders

- A. 10% of teachers become teacher leaders
- B. Those teachers are compensated with 1 period of release time
- C. Coaches work with 30% of the teaching workforce

*Calculated relative to a baseline system that provides 1 step for all teachers, regardless of effectiveness.

Rewards, Bonuses and Recognition help *retain* teachers

Rewards, Bonuses, and Recognition

- One time additional payments or non-monetary rewards



Design considerations for Rewards, Bonuses and Recognition

- Focus on rewarding outputs rather than inputs
- Motivating team performance is critical
- Reliability of bonus criteria is critical
- Non-monetary rewards can include public recognition and prestige
- Lack of evidence of student gains from bonuses when additional support for teachers or other human capital structures are not in place

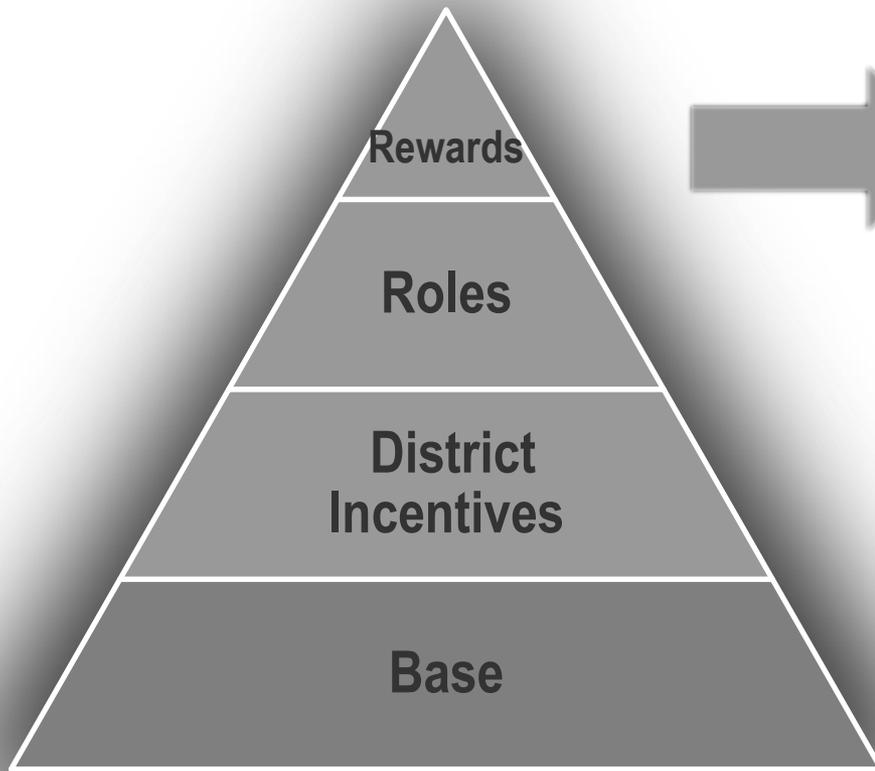


Examples of how Rewards and Bonuses can then be designed

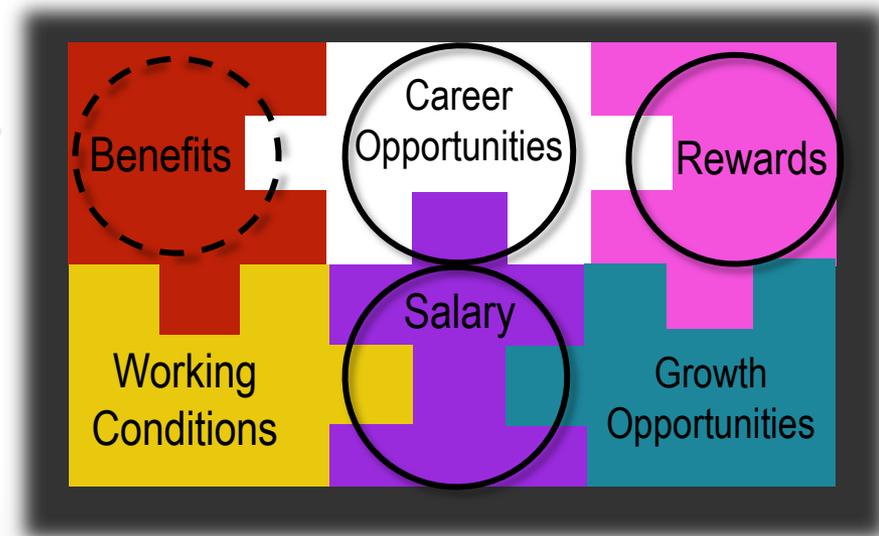
Types of Bonuses	Criteria
School-based	Achievement or Gap Closure AMOs Graduation rate or ACT growth Benchmark data Building-level TVAAS Scores
Team-based	Horizontal-team bonuses Vertical-team bonuses
Individual	TVAAS scores TEAM scores Improvement stipends

A well-designed compensation system is a critical part of a compelling value proposition

Teacher Compensation Pyramid



The Value Proposition



District X Compensation Redesign Exercise

What is the District X Compensation Redesign Exercise?

- The District X Exercise is a simulated differentiated pay design planning process from the perspective of one example TN district, District X
- The insights from this exercise will be applied back into your district context during the afternoon Visioning & Costing exercise, which will be the first draft of your differentiated pay plan

Why use the District X Compensation Redesign Exercise?

- Engage with key decisions ***outside of your district context and politics***
- Share ideas with other district leaders by comparing the effects of policies on the same example district
- Design the system that you hope to achieve without the barriers and limitations of our current situation
- Think about the near-term ***and*** long-term financial implications of your new plan

Over two rounds of the District X exercise you will have a small group discussion to determine:

Round I

- **Investments** in differentiated pay plan criteria (rewards, roles, hard-to-staff schools/subjects, and base salary)
- **Opportunities** from restructuring the current base salary

Round II

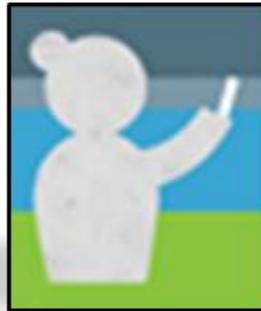
- **Possibilities** for introducing new differentiated pay elements over time

For the exercise, we will create potential design plans for District X, a model TN district

Size and Demographics



4,500 students



300 teachers



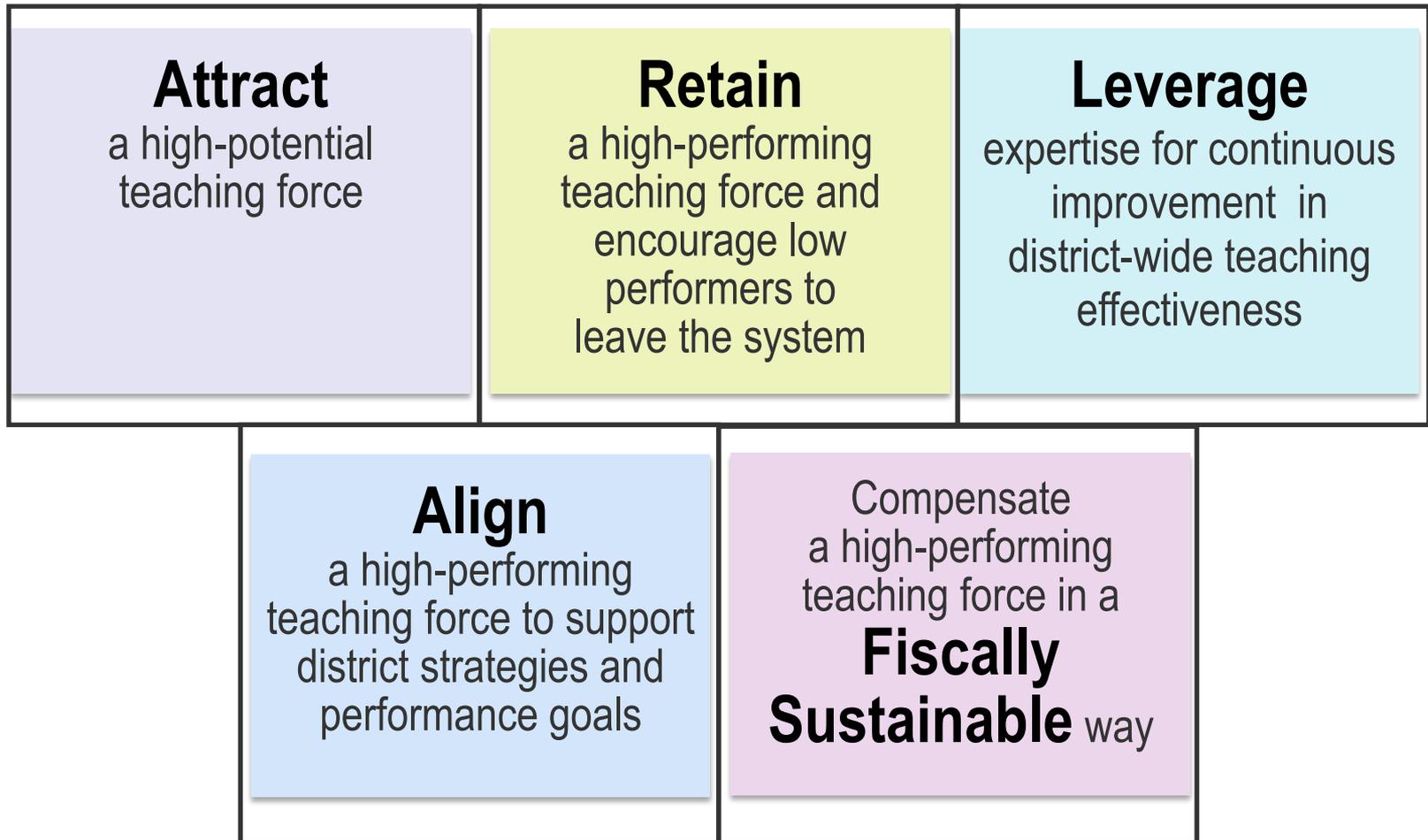
8 schools

Teacher Compensation

Total Compensation Budget	\$19 M
Salary	\$14 M
Other Pay	\$0.5 M
Benefits	\$4.5 M
Average Teacher Salary	\$44 K

See
*District X
Fact Sheet*
for more
information

District X has the following goals for its new differentiated pay plan



Round I

**Investment and Opportunity
Decisions**

Round I: Decisions to build potential design plans for a redesigned compensation system

Decision 1: District Priority Incentives

Decision 2: School Roles

Decision 3: Effectiveness Pay Outside of Base Salary

Decision 4: Bonuses, Rewards, and Recognition

Decision 5: Starting Salary

Decision 6: Education Pay

Decision 7: Experience Pay

Special Decision: State Revenue

More information
will be given by
your facilitator

Explanation of Cards: Investment Example

Front

DISTRICT PRIORITY INCENTIVES

INVESTMENT

DECISION #1 A

All teachers in high-need schools receive a \$4K annual incentive

Back

DISTRICT PRIORITY INCENTIVES

INVESTMENT

DECISION #1 A

Description

- 20% of schools (2 schools) are designated high-need schools and 20% of all teachers teach in those schools (in a district of 300, 60 total teachers)
- Rewards average \$4K annually

Cost per implementation levels

25%	50%	75%	100%
\$60 K	\$120 K	\$180 K	\$240 K

The costs associated with these cards can be absorbed by changes in current spending.

Explanation of Cards: Opportunity Example

Front

EXPERIENCE PAY
OPPORTUNITY

DECISION #7 C

Stop supplementing
experience pay

Back

EXPERIENCE PAY
OPPORTUNITY

DECISION #7 C

Description

- Cut experience steps to the state schedule's experience steps
- State Steps Avg: \$300, District X Avg: \$500, so cut district experience steps from \$500 to \$300

Cost

Year 1	Year 3	Year 5	Year 10
\$35K	\$170K	\$260K	\$490K

ALT.

Some cards have the ALT. icon. This means that a district may have to switch to an alternative system to adopt this policy depending on district conditions.

Directions: Making decisions to create a potential design plan (45 minutes total)

- Start using the cards to make Decisions

Decision	Poster	~Timing
1,2,3,4	Purple	25 min
5,6,7	Green	20 min
Special		

- Cards for Decision 7 and the Special Decision will be provided by your facilitator

Round I

Whole Group Debrief

Debrief: What are the key insights you gained while making the decisions for District X? (15 min)

Consider the following:

- Which of the investments do you think has the greatest impact on attracting and retaining great teachers? Which do you think has the least impact?
- What types of roles did you choose to offer and why? How did you decide on the compensation amount or method?
- What do you think will drive the cost if implementing Effectiveness Pay?
- What are the advantages and disadvantages of changing education pay?

Round II

**Tradeoffs and Staging
Decisions**

Balance your investment choices with the available opportunity created by your base salary decisions

Think about...

- Priority of investment decisions
- Relative cost of different investments
- Differences in size of opportunity

Using the Staging Poster

Group #:

Starting Salary	Education Pay	Experience Pay
<p>STARTING SALARY NEUTRAL DECISION #5 A Leave Starting Salary Constant</p>	<p>STARTING SALARY NEUTRAL DECISION #5 A Leave Starting Salary Constant</p>	<p>STARTING SALARY NEUTRAL DECISION #5 A Leave Starting Salary Constant</p>

District: <i>ISD</i>	Year 1	Year 3	Year 5	Year 10
Opportunity	\$ <u>50</u> K	\$ <u>100</u> K	\$ <u>150</u> K	\$ <u>150</u> K
	\$25 K	\$50 K	\$100 K	\$100 K
	\$25 K	\$25 K	\$25 K	\$50 K
			\$0 K	\$0 K
			\$25 K	\$25 K
Investment			\$ <u>150</u> K	\$ <u>175</u> K
	<i>Neutral</i>	<i>Saving</i>	<i>Neutral</i>	<i>Invest</i>

Step 1: Add the opportunities from the cards on the green posters to get totals

Step 2: Place your investment cards face down on the staging poster

Step 3: Use your Post-Its to show your proposed staging for

Final Step: Hand your

DISTRICT PRIORITY INCENTIVES INVESTMENT	DISTRICT PRIORITY INCENTIVES INVESTMENT	DISTRICT PRIORITY INCENTIVES INVESTMENT
DECISION #1 A All teachers in high-need schools receive a \$4K annual incentive	DECISION #1 A All teachers in high-need schools receive a \$4K annual incentive	DECISION #1 A All teachers in high-need schools receive a \$4K annual incentive

Step 5: Fill in the cost outcome set for each year. Did District X cost more or less than its opportunity?

Tradeoffs and Staging (30 minutes)

Balance your investment choices with the available opportunity created by your base salary decisions

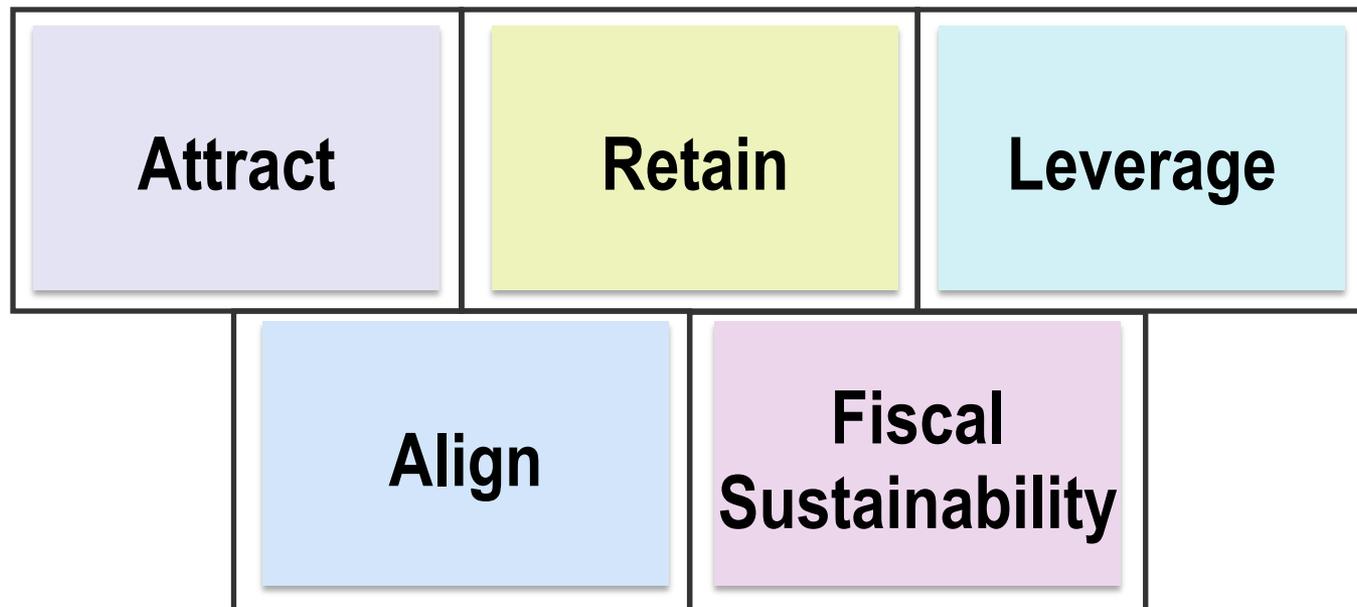
- **Step 1:** Sum the opportunities from the cards on the green posters to get totals
- **Step 2:** Place your investment cards face down on the staging poster
- **Step 3:** Use your Post-Its to show your proposed staging for District X
- **Step 4:** Add each column to see if your investments are cost neutral, and adjust your Post-Its if needed
- **Step 5:** Add each column to see if your investments are cost neutral, and adjust your Post-Its if needed
- **Step 6:** Hand your poster to your facilitator to prepare for the gallery walk!

Round II

Gallery Walk

Gallery Walk

- We have posted each group's design on the wall
- Take **15 minutes** to walk around the room and observe what each district selected
- As you look at each poster consider District X's goals to:



Round II

Whole Group Debrief

Debrief: Tradeoffs and Staging (15 minutes)

- How did you prioritize your investments?
- Did anyone have to delay investments until later years due to not enough resources? If so...
 - Did anyone reconsider their investments in roles, incentives for hard-to-staff positions, or bonuses?
 - Did anyone reconsider the changes to their base salary structure, such as increases or decreases in the starting salary?
- Did anyone find that all of their investments could be made without any additional revenues?

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For Your Own District:
Visioning and Costing
Exercise

Purpose of the Visioning & Costing Exercise

For the remaining two hours of the afternoon, you will be able to start the draft of your preliminary differentiated pay plan.

You will not be able to complete the draft during today's session, but we will encourage you to share the completed drafts in a few weeks.

Apply your insights from the District X Exercise to your district's specific context and arrive at initial plans for each compensation element.

You will be provided with...

VISIONING TEMPLATE
SUMMARY
<p>Purpose: This is a visioning document for redesigning your differentiated pay plan. The template guides you through key compensation design elements, presenting an array of options as well as a template for articulating your ideas. This template works hand-in-hand with the <i>Quick Cost Checker</i>, which is designed to preliminarily estimate the cost of the new system.</p> <p>This template is not an exhaustive inventory—in many cases, decision options have been simplified to allow you to draft plans relatively quickly. Please use the customizing options if you feel that the options provided do not resonate well in your districts. In <i>Session 3</i>, you will be provided a more flexible modeling tool to fully customize your differentiated pay plan, obtain more precise cost estimates, and consider long-term costs.</p>
<p>Instructions:</p> <ol style="list-style-type: none">1. Complete each section of the <i>Visioning Template</i> in the order presented.2. After completing each <i>Visioning Template</i> section, turn to the accompanying section of the <i>Quick Cost Checker</i> to obtain cost estimates for that section.3. After completing the <i>Visioning Template</i> and <i>Quick Cost Checker</i> items for each section, see the last page of the <i>Quick Cost Checker</i> to calculate the total cost of the redesigned system.4. Upon completing <i>Visioning Template</i> and <i>Quick Cost Checker</i>, calculate your current investments, if you already offer differentiated teacher roles, effectiveness pay, district priority incentives and/or bonuses, rewards & recognition, in the methods outlined throughout the template. Use those values to inform the true net cost or cost reduction for your entire differentiated pay plan.

The Visioning Template: This is where you will make your design decisions based on an array of investment and funding options. When completed, this will become your draft plan.

You will be provided with...

QUICK COST CHECKER
VISIONING TEMPLATE SUPPORT
<p>Purpose: The Quick Cost Checker is a support tool accompanying the Teacher Compensation Template, which will allow you to estimate the short-term annual cost of your differentiated pay plan.</p> <p>This tool will help you calculate the costs associated with making changes in the <i>first year</i> of implementation.</p> <p>In subsequent sessions, you will be provided a tool to support cost modeling over a 20 year period in order to best determine your differentiated pay plan design direction. Please see the notes for more information on long-term cost implications.</p>

The Quick Cost Checker: This is where the cost for your own district will be outlined for each of the decision points that you go through in the Visioning Template.

District Priority Incentives & School Roles

Instructions:

1. Start with the **Visioning Template** and read over the *considerations* as you decide on the *visioning criteria*.
2. Then, turn to the corresponding section of the **Quick Cost Checker** to obtain the cost estimates for that section.
3. Toggle back and forth between these two tools. One tool will continually inform the other.

Debrief: District Priority Incentives & Roles

- For your own districts:
 - Which investments are you considering? Why?
- Were your investments...
 - **Similar** to those made for District X?
 - **Different** from those made for District X?
- What is the main driver of differences in decision making for your district compared to District X?

Effectiveness Pay & Bonuses, Rewards & Recognition

Instructions:

1. Open the **Visioning Template** to page 8 for the Effectiveness Pay section.
2. Turn to the corresponding section of the **Quick Cost Checker** to obtain cost estimates, on page 4.
3. Toggle back and forth between these two tools. One tool will continually inform the other.

Debrief: Effectiveness Pay & Bonuses, Rewards & Recognition

- For your own districts:
 - Which investments are you considering? Why?
- Did anyone make investments that were...
 - **Similar** to those made for District X?
 - **Different** from those made for District X?
- What is the main driver of differences in decision making for your district compared to District X?

TNDOE

Stakeholder Engagement Strategies

Stakeholder Engagement

- We asked all accelerated planning districts to commit to conducting at least one stakeholder engagement activity between Session 2 and 3.
- TDOE created Differentiated Pay Resource Guide
 - Part I focused on Stakeholder Engagement strategies

Next Steps

Next Steps

- Please fill out the **Session 2 Evaluation** before you leave
- Fill out and turn in your reimbursement form
- Please complete the rest of the District Specific Compensation Redesign Exercise for homework
- Contact Information:
 - Laura Encalade, Laura.Encalade@tn.gov or (615) 854-4064
 - Fiscal consultants

Session 2 Agenda (Friday)

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